

Message Text

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ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 PM-03 SP-02 NSC-05 L-01
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P R 061614Z SEP 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC PRIORITY 6963
INFO AMEMBASSY TRIPOLI

C O N F I D E N T I A L ROME 14442

LIMDIS

FOR DEP ASST SECY BARBOUR (EUR)

E.O. 11652: GDS
TAGS: MASS, IT
SUBJECT: AERITALIA INITIALS G-222 SALES AGREEMENT WITH LIBYA

1. EGIDIO ORTONA, PRESIDENT OF AERITALIA S.P.A. AND FORMER ITALIAN
AMBASSADOR TO US, INFORMED AMBASSADOR CONFIDENTIALLY SEPTEMBER 4 IN
VENICE THAT AERITALIA HAS INITIALED AN AGREEMENT TO SELL G-222
TRANSPORT AIRCRAFT TO THE LIBYAN GOVERNMENT. FORMAL SIGNING OF THE
AGREEMENT IS PLANNED FOR THE END OF SEPTEMBER, AT WHICH TIME THE
DEAL WILL INEVITABLY BECOME PUBLIC.

2. ORTONA EXPLAINED THAT AERITALIA HAD GONE AHEAD WITH AGREEMENT
FOR THE FOLLOWING THREE REASONS:

A. OBLIGATION TO SEIZE SUCH A SUBSTANTIAL OPPORTUNITY TO IMPROVE
CORPORATE PROFITABILITY AND HELP THE ITALIAN BALANCE OF TRADE;
B. CONVICTION THAT IF AERITALIA REFUSED TO GO AHEAD WITH AGREEMENT,
THE SOVIET UNION OR FRANCE WOULD FURNISH THE TYPE OF AIRCRAFT FOR
WHICH THE LIBYANS ARE LOOKING. ITALIAN DENIAL WOULD THUS SERVE
NO PURPOSE;

C. IMPRESSION THAT THERE IS SOME PROSPECT FOR IMPROVEMENT IN
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US-LIBYAN RELATIONS OVER THE NEXT ONE TO TWO YEARS. AIRCRAFT
DELIVERY WOULD NOT TAKE PLACE UNTIL LATTER PART OF THAT TIME FRAME.

3. RECOGNIZING THAT THIS MOVE PLACES THE BALL IN THE US COURT,
ORTONA ADDED THAT IN HIS OPINION US DENIAL OF PERMISSION FOR THE
EXPORT TO LIBYA OF THE GE-DESIGNED ENGINES USED IN THE G-222
WOULD PROVOKE AN ADVERSE ITALIAN REACTION. THE AMBASSADOR THEN
REFERRED TO PREVIOUS EXCHANGES WITH ORTONA DURING WHICH THE

AMBASSADOR HAD EXPLAINED THE VIEWS OF PRESIDENT CARTER ON MILITARY EQUIPMENT TRANSFERS. TO HIS KNOWLEDGE, THE AMBASSADOR WENT ON, TH US POSITION HAD NOT CHANGED IN THE MEANTIME.

4. ORTONA ASKED THAT THE DEPARTMENT BE INFORMED OF THE INITIALING OF THE AGREEMENT. HE WILL BE IN WASHINGTON AT THE END OF THIS WEEK, ANY MAY CONTACT EITHER ASSISTANT SECRETARY VEST OR BRUNSON MCKINLEY, EUR/WE, IN ORDER TO MAKE A PERSONAL PRESENTATION. GARDNER

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Message Attributes

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